

Message Text

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PAGE 01 KUALA 04942 01 OF 02 281200Z
ACTION OES-07

INFO OCT-01 EUR-12 EA-07 ISO-00 ACDA-07 CIAE-00 INR-07
IO-13 L-03 NSAE-00 NSC-05 EB-08 NRC-05 FEAE-00
DODE-00 ERDA-05 SS-15 SP-02 PM-05 H-01 PA-01
PRS-01 USIA-06 TRSE-00 COME-00 MC-02 /113 W
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R 280700Z JUL 77
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 8269
INFO AMEMBASSY VIENNA

LIMITED OFFICIAL USE SECTION 1 OF 2 KUALA LUMPUR 4942

USIAEA

E.O.11652: N/A
TAGS: IAEA, TECH, MY
SUBJECT: PROPOSED TRANSFER TO MALAYSIA OF TRIGA MARK II
RESEARCH REACTOR AND FUEL

REFS: A) STATE 158954; B) VIENNA 6563; C) VIENNA 6712

1. SUMMARY. IN CONTRAST TO REACTION FROM WORKING LEVEL
OFFICIALS OF MINISTRY OF SCIENCE, TECHNOLOGY AND ENVIRONMENT
(MSTE) AND OUR MFA COUNTERPARTS, THERE ARE SERIOUS RESERVATIONS
ON THE PART OF SENIOR MSTE OFFICERS REGARDING NEED FOR BI-
LATERAL AGREEMENT WITH U.S. FOR SHIPMENT OF RESEARCH REACTOR
AND FUEL. ERDA/NRC TEAM CONDUCTED PHYSICAL SECURITY SURVEY
OF PROPOSED SITE AND WAS IMPRESSED WITH GOM PLANS FOR
PHYSICAL SECURITY. THEREFORE, THERE APPEARS TO BE LITTLE
PROBLEM FROM PHYSICAL SECURITY STANDPOINT. ON THE BILATERAL
AGREEMENT, THE GOM QUESTIONS WHY THEY ARE THE FIRST TO BE
REFUSED VIA THE IAEA MECHANISM AND THAT THEY MIGHT HAVE TO
GIVE UP MORE THAN NECESSARY IF THEY SIGN A BILATERAL. THE
GOM HAS VERY STRONG TIES TO IAEA AND OBVIOUSLY LISTENING TO
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PAGE 02 KUALA 04942 01 OF 02 281200Z

THE IAEA ARGUMENTS. BOTH THE IAEA AND THE GOM STATE THERE
IS A MATTER OF PRINCIPLE INVOLVED. END SUMMARY.

2. ON JULY 20 EMBOFF PRESENTED SUBSTANCE REF A TO MFA OFFICIALS
BOTH ORALLY AND IN DIPLOMATIC NOTE. THERE WAS LITTLE REACTION
TO BILATERAL PROPOSAL FROM THESE OFFICIALS WHO ONLY COMMENTED
THAT MATTER WOULD BE TAKEN UNDER CONSIDERATION. ONE MFA

OFFICIAL CONFIRMED PRESENCE OF HA-VINH PHUONG OF IAEA IN MALAYSIA, A FACT WHICH HAD BEEN NOTED EARLIER IN THE DAY BY MSTE OFFICIAL.

3. ERDA/NRC TEAM ARRIVED KUALA LUMPUR DAY EARLIER THAN SCHEDULED WHICH PROVIDED EMBASSY OPPORTUNITY TO REVIEW STATE/VIENNA TRAFFIC AND GAVE US BETTER FEEL FOR WHAT WE WERE UP AGAINST. ON MORNING OF JULY 21 GOM/ERDA/NRC/EMBASSY DISCUSSIONS BEGAN WITH INTRODUCTION BY MSTE ON THEIR NUCLEAR PROGRAM, ORGANIZATION OF MSTE AND PHYSICAL ASPECTS OF ATOMIC ENERGY RESEARCH CENTER. REMAINDER OF MORNING WAS DEVOTED TO TOUR OF PROPOSED SITE. MALAYSIAN SIDE WAS HEADED BY S. T. SUNDRAM, ACTING SECRETARY GENERAL OF MSTE WHO IS CURRENTLY SECOND RANKING MEMBER OF THAT MINISTRY.

4. AFTERNOON SESSION OF JULY 21 ERDA/NRC TEAM PRESENTED BRIEF ON THEIR FUNCTION AND OBJECTIVES. MSTE HAD ARRANGED FOR REPRESENTATIVES OF PRIME MINISTER'S OFFICE AND MINISTRY OF HOME AFFAIRS TO BE PRESENT TO ANSWER QUESTIONS ON PHYSICAL SECURITY REQUIREMENTS. THEY DEPARTED AFTER ANSWERING REQUIRED QUESTIONS. MALAYSIANS THEN RAISED ISSUE OF REQUIREMENT FOR BILATERAL AGREEMENT AS OPPOSED TO WORKING STRICTLY THROUGH IAES. THEIR BASIC CONCERN WAS WHY MALAYSIA APPEARS TO BE THE FIRST TO BE REFUSED THROUGH THE IAEA MECHANISM AND WHETHER A BILATERAL IS REALLY NECESSARY. THE U.S. PROPOSAL FOR A BILATERAL WOULD HAVE TO BE REVIEWED BY THE VARIOUS MINISTRIES INVOLVED LIMITED OFFICIAL USE

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PAGE 03 KUALA 04942 01 OF 02 281200Z

AND THE FINAL DECISION WOULD COME FROM THE HIGHEST GOVERNMENT LEVELS. IT WAS ALSO QUITE LIKELY THAT MALAYSIA WOULD CONSULT WITH THEIR ASEAN SISTER NATIONS PRIOR TO ACCEPTING A BILATERAL AGREEMENT. THEY HAVE NOT YET DISCUSSED NUCLEAR ENERGY WITHIN ASEAN AND IT IS UNLIKELY THAT THE SUBJECT WILL BE RAISED DURING THE AUGUST SUMMIT. HOWEVER, IT IS ALMOST A CERTAINTY THAT COOPERATION AMONG ASEAN POWERS IN THE NUCLEAR RESEARCH OR POWER FIELDS WILL BE DISCUSSED IN THE FUTURE.

5. THE MALAYSIANS SHOWED CONCERN OVER THE PENDING LEGISLATION BEFORE CONGRESS AND RAISED THE QUESTION IN THEIR OWN MINDS THAT THEY MAY HAVE TO GIVE UP MORE THAN NECESSARY IN A BILATERAL AGREEMENT AS COMPARED TO PREVIOUS ARRANGEMENTS OF OTHERS IN A TRILATERAL AGREEMENT WITH IAEA. THEY POINTED OUT THAT MALAYSIA WAS A SIGNATORY TO THENPT AND THE SAFEGUARDS AGREEMENT AND ALSO STRESSED THAT WE WERE TALKING ABOUT A SMALL RESEARCH REACTOR WITH A LIMITED REQUIREMENT FOR FUEL.

6. THE ERDA/NRC TEAM COMMENTED ON THE INCREASED STRESS IN THE U.S. ON NUCLEAR SAFEGUARDS REQUIREMENTS AND POINTED TO SOME 30 EXISTING BILATERAL AGREEMENTS. OF PARTICULAR NOTE WERE THE AGREEMENTS WITH THAILAND, THE PHILIPPINES AND INDONESIA.

THEY ALSO REAFFIRMED U.S. INTENTION TO SUPPORT THE IAEA.
THE TEAM STATED THEY CLEARLY SUPPORT THE EXPORT OF THE REACTOR
AND RELATED FUELS TO MALAYSIA FROM THE PHYSICAL SECURITY STAND-
POINT AND WERE IMPRESSED WITH MALAYSIA'S PLAN FOR PHYSICAL
SECURITY. IT APPEARED THE MALAYSIANS WERE TAKING MORE STRINGENT
PRECAUTIONS FOR A RESEARCH REACTOR THAN ARE CURRENTLY EMPLOYED
IN THE U.S.

7. AT THE INVITATION OF THE MALAYSIANS, WITH THE AGREEMENT
OF THE U.S., HA-VINH PHUONG SAT IN ON THE INITIAL BRIEFING
AND ACCOMPANIED THE GROUP ON THE TOUR OF THE PROPOSED SITE. HE
WAS NOT PRESENT FOR THE AFTERNOON SESSION ON JULY 21. THE
MALAYSIANS ASKED IF WE OBJECTED TO A PRESENTATION BY PHUONG
ON THE IAEA POSITION ON THE BILATERAL AGREEMENT AND RECENT
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PAGE 04 KUALA 04942 01 OF 02 281200Z

DEVELOPMENTS IN VIENNA. EMBOFF RESPONDED THAT WE WOULD BE
HAPPY TO LISTEN BUT THAT IN NO WAY COULD THIS BE CONSIDERED
TO BE AN OFFICIAL PRESENTATION TO THE U.S. GOVERNMENT OR WERE
WE PREPARED TO COMMENT TO PHUONG ON THE U.S. POSITION. THIS
MUST BE LEFT TO VIENNA AND WASHINGTON.

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PAGE 01 KUALA 04942 02 OF 02 281134Z
ACTION OES-07

INFO OCT-01 EUR-12 EA-07 ISO-00 ACDA-07 CIAE-00 INR-07
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DODE-00 ERDA-05 SS-15 SP-02 PM-05 H-01 PA-01
PRS-01 USIA-06 TRSE-00 COME-00 MC-02 /113 W
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R 280700Z JUL 77
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TO SECSTATE WASHC 8270
INFO AMEMBASSY VIENNA

LIMITED OFFICIAL USE SECTION 2 OF 2 KUALA LUMPUR 4942

USIAEA

8. PHUONG ELABORATED ON THE FUNCTIONS OF IAEA AND MADE THE STATEMENT THAT ANY NEW REQUIREMENTS FOR SHIPMENT OF FUELS OR REACTORS THAT WOULD RUN COUNTER TO THE ESTABLISHED FUNCTION OF IAEA WOULD BE VIEWED WITH CONCERN. HE ALSO STATED THIS WAS THE FIRST INSTANCE WHERE AN IAEA REQUEST HAD BEEN DENIED. THERE ARE, ACCORDING TO PHUONG, MATTERS OF PRINCIPLE AND LAW INVOLVED. PHUONG MENTIONED SUBSTANCE OF REF C WHICH HAD NOT BEEN RECEIVED BY EMBASSY UNTIL AFTER DISCUSSIONS WERE TERMINATED.

9. IT IS APPARENT THAT THE MALAYSIAN GOVERNMENT IS NOT PREPARED TO EMBRACE A BILATERAL TREATY WITHOUT SERIOUS CONSIDERATION OF THE PROS AND CONS. IT IS ALSO APPARENT THAT MALAYSIA HAS HAD A GOOD RELATIONSHIP WITH THE IAEA OVER THE PAST THREE YEARS AND WILL BE INFLUENCED BY IAEA'S ARGUMENTS, POSSIBLY TO THE POINT OF PRESSING THROUGH IAEA WHETHER THERE IS A NEED FOR A BILATERAL AGREEMENT. THE MALAYSIANS WENT SO FAR AS TO STATE THAT IF THE U.S. HAD A PROBLEM WITH THE IAEA NOT FUNCTIONING UP TO U.S. STANDARDS THEN THE THRUST OF THE U.S. EFFORTS SHOULD BE TO RENEGOTIATE THE AGREEMENT WITH IAEA AND WORK THE PROBLEM OUT THERE RATHER THAN USE THE BILATERAL LIMITED OFFICIAL USE

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PAGE 02 KUALA 04942 02 OF 02 281134Z

APPROACH. WHILE THIS EMBASSY WOULD LIKE TO REMAIN OUT OF THE U.S./IAEA PROBLEM, AND HAVE STRESSED THAT THIS IS BETWEEN VIENNA AND WASHINGTON, WE WILL NECESSARILY BE DRAWN IN. THE CORE OF THE PROBLEM IS THE BILATERAL. THERE IS NO QUESTION THAT THE MALAYSIANS WANT THE RESEARCH REACTOR ON SCHEDULE. THERE IS ALSO NO QUESTION, ACCORDING TO THE OPINION OF THE ERDA/ NRC REPRESENTATIVES, THAT MALAYSIA WILL FULFILL THE PHYSICAL SECURITY REQUIREMENTS WITH ROOM TO SPARE. FURTHER, WHAT THE MALAYSIANS ARE ASKING FOR IS WELL WITHIN THE GUIDELINES OF CURRENT ADMINISTRATION POLICY AS WE SEE IT. ADMITTEDLY, WE CANNOT JUDGE OVERALL POLICY ISSUE FROM HERE. HOWEVER, WE DO HOPE THAT WAYS CAN BE FOUND-POSSIBLY ALONG THE LINES OF THE MEXICAN SOLUTION-TO OVERCOME ANY MALAYSIAN RESISTANCE TO A BILATERAL AGREEMENT, SHOULD SUCH RESISTANCE MATERIALIZE.

10. FULLER DESCRIPTION OF MEETINGS FOLLOWS BY AIRGRAM.
MILLER

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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TAGS: TECH, MY, US, IAEA
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